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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

**I.D. # 11670
RESOLUTION O-0055
November 8, 2012**

R E S O L U T I O N

Resolution O-0055. SFPP, L.P. requests authority to cancel three origin and destination movements previously provided by SFPP, L.P. to shippers on its intrastate oil pipelines.

PROPOSED OUTCOME: This Resolution grants SFPP, L.P.'s request.

ESTIMATED COST: None

By SFPP, L.P. Advice Letter 29 filed on March 29, 2012 and Advice Letter 29-O-A filed on July 20, 2012.

SUMMARY

This Resolution grants SFPP, L.P.'s (SFPP's) request to cancel three origin and destination movements previously provided by SFPP to shippers on its intrastate oil pipelines. SFPP states that shippers no longer use the service at these points.

BACKGROUND

On March 29, 2012, SFPP filed Advice Letter No. 29-O (AL 29) requesting approval to cancel three origin and destination movements across its pipelines. One proposed cancellation, included in SFPP's tariff Cal PUC 118, concerns the movement of Military Jet Fuels from the utility's pump station in Richmond, California (CA) to a destination in Concord, CA. The other two proposed cancellations are in tariff Cal PUC 119. The first of these is between SFPP's

Colton Transmix¹ facility in Colton, CA to the utility's Imperial, CA terminal. The second cancellation is for its Bakersfield to Fresno line. SFPP states that these movements are no longer used by Shippers.

In addition, SFPP is proposing to change Cal PUC Tariff No. 118 to more precisely define the Roseville destination as Rocklin.

SFPP's request was originally submitted as a Tier 1 Advice Letter. General Order 96-B, Energy Industry Rule 5.3(6) requires a Tier 3 Advice Letter for requests concerning "withdrawing a service, abandoning service within an area, canceling a rate schedule, or closing a rate schedule to new customers, unless the action is authorized by a prior Commission decision, resolution, or order." There is no prior authorization of SFPP's requests in AL 29. When notified by the Commission of the need to rectify the incorrect Tier filing, SFPP on April 12, 2012 submitted a revision making AL 29 a Tier 3 Advice Letter. However, the revision was not submitted in the correct form of a supplement, was not noticed in the Daily Calendar, and consequently was never accepted as properly filed. As required by the Commission, SFPP on July 20, 2012 submitted Advice Letter No. 29-O-A (AL 29-O-A) as a supplement to AL 29 to classify the filing as Tier 3; no other changes were made.

Additionally, General Order 96-B, Energy Industry Rule 3.2(4), requires that SFPP serve the advice letter on all customers affected by the proposed cancelation of rate schedules. To comply with this rule SFPP served AL 29-O-A on all parties on its current General Order 96-B service list as well as prior shippers not currently on its service list.² As part of AL 29-O-A, SFPP provided a signed Certificate of Service stating that it would, on July 23, 2012, serve the Advice Letter on those listed in its service list as well as all other affected

¹ As defined by SFPP's parent company, Kinder Morgan, transmix is a mixture of refined products that forms when transported in pipelines. This mixture is typically a combination of gasoline, diesel, and/or jet fuel. Transmix processing plants use distillation to separate the products. These distillation products are further treated to form saleable gasoline and diesel.

² In order to comply with General Order 96-B, Energy Industry Rule 3.2(4), SFPP served Advice Letter No. 29-O-A on any shipper, not currently on its General Order 96-B service list, who, in the last 20 years, used or might be affected by the services SFPP now proposes to modify or remove. That list of customers was attached to Advice Letter No. 29-O-A.

customers. The Certificate of Service further documented steps taken to identify and locate all affected customers.

NOTICE

Notice of AL 29 was made by publication in the Commission's Daily Calendar. SFPP states that a copy of the Advice Letter was being sent to parties shown on the Service List attached to the Advice letter. SFPP also states that a copy of the revised Advice Letter, AL 29-O-A, was being sent to parties shown on the Service List attached to the original Advice letter and to all affected customers not already on the service lists. In addition, notice of AL 29-O-A was made by publication in the Commission's Daily Calendar. That notice informed SFPP's customers of its intent to cancel service and referenced the summary describing the changes provided in the notice on the Daily Calendar for the original AL 29.

PROTESTS

AL 29 was not protested. AL 29-O-A was not protested.

DISCUSSION

SFPP's AL 29 and its supplement AL 29-O-A should be approved. In response to Energy Division inquiries, SFPP provided necessary information and explanation supporting each of the requested cancellations.

The first service cancellation request is for the movement of Jet Fuel for military use from the company's pump station in Richmond to a terminal in Concord. Previously the Defense Logistics Agency-Energy received fuel at the SFPP terminal in Concord and then transported it over an exclusive pipeline to Travis Air Force Base. The last shipment occurred on April 4, 2012. The SFPP segment providing the service has been replaced with a connection from SFPP's Concord to Sacramento mainline to a new receiving terminal at Travis Air Force Base. This service commenced on December 1, 2011. As a result the tariff used for the former movement is no longer required.

The second service cancellation request is for movement from the Colton Transmix Facility to Imperial. The transmix facility only makes "EPA Diesel" and conventional gasoline, both of which do not meet current state standards and are illegal in California. These products can be consumed in Arizona,

however. Over the last year shippers have elected to deliver directly to Arizona eliminating the need for the Colton Transmix-to-Imperial service.

The third service cancellation request involves shipment from Bakersfield to Fresno. This line had one primary supplier, the Big West Refinery. Big West went into bankruptcy and was shut down in 2009. Other than the Big West Refinery, during the most recent year of significant utilization, 2008, Boyett Petroleum, Chevron USA Products Company and Silvas Oil also shipped product on the line. The refinery has been purchased, however there have been no further shipments on the line since 2009. In April 2010 the line was deactivated and filled with nitrogen. It will require extensive work in order to be reactivated. Shippers formerly using the line are now supplying product to the San Joaquin Valley from alternate terminals in Fresno and Southern California.

The change to Cal PUC Tariff No. 118 renames the Roseville destination point as Rocklin. Rocklin is a more precise geographic description of the location of the destination point.

When instructed to do so by the Energy Division staff, SFPP served AL 29-O-A to those on its General Order 96-B service list and to all affected customers and provided a Certificate of Service attesting to its actions.

COMMENTS

This is an uncontested matter in which the resolution grants the relief requested. Accordingly, pursuant to PU Code 311(g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

FINDINGS AND CONCLUSIONS

1. SFPP, L.P. filed a Tier 1 AL 29-O on March 29, 2012, requesting approval to cancel three of its pipeline origin and destination points in compliance with General Order 96-B, Energy Industry Rule 5.3(6). This rule requires Commission approval when withdrawing a service, abandoning service within an area, or canceling a rate schedule unless authorized by a prior Commission decision, resolution or order.
2. At the instruction of Energy Division Staff, SFPP filed a Tier 3 AL 29-O-A on July 20, 2012, in which it correctly filed its request as a Tier 3 filing, and

served a copy on all affected customers; no other changes were made to SFPP's original request.

3. One of the three cancelled origins and destinations – SFPP's Richmond to Concord movement - has been replaced by a new connection servicing a new receiving terminal.
4. Two of the three cancelled origins and destinations – SFPP's Colton Transmix Facility to Imperial movement and Bakersfield to Fresno movement - are no longer needed by shippers.
5. SFPP's AL 29-O-A was served on SFPP's General Order 96-B service list and on SFPP's customers who had used the affected lines in the past 20 years, and was noticed with a description of the filing in the Commission's Daily Calendar on August 6, 2012, providing additional time for comments from affected customers.
6. SFPP has satisfied the advice letter service requirements under General Order 96-B, Energy Industry Rule 3.2(4). SFPP L.P. AL 29 as supplemented by AL 29-O-A should be approved.

THEREFORE IT IS ORDERED THAT:

1. SFPP L.P. AL 29-O as supplemented by AL 29-O-A is approved.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on November 8, 2012; the following Commissioners voting favorably thereon:

Paul Clanon
Executive Director